

No. 14975.

IN THE

United States Court of Appeals

FOR THE NINTH CIRCUIT

NATIONAL VAN LINES, a corporation,

Appellant,

vs.

ALFRED E. DEAN, trading under the firm name of NATIONAL TRANSFER & STORAGE Co.,

Appellee.

APPELLEE'S BRIEF.

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APPELLEE'S BRIEF.

I.

JURISDICTION.

Appellee concedes that appellant's statement of jurisdiction is correct.

II.

QUESTION PRESENTED.

The question presented by this appeal is simply whether or not the trial court's findings of fact [R. 52] are "clearly erroneous" within the meaning of Rule 52(a), Federal Rules of Civil Procedure.

III.

STATEMENT OF CASE.

Appellant's complaint [R. 3] charges service mark infringement, unfair competition and violation of contract, all of which charges are denied by appellee's first amended answer [R. 36].

After hearing the evidence, the trial court rendered judgment [R. 61] dismissing the complaint, and made complete findings of fact [R. 52], which appellee submits, fully support the judgment upon each of several grounds and the evidence supports the findings.

In 1951, appellant registered its descriptive trade-name, "National Van Lines, Inc." as a service mark, in conjunction with an insignia in the form of a close simulation of the shield of the United States [Registration 548,018, Ex. 3a]. In 1952, appellant again registered said trade-name, without the insignia, as a service mark [Registration 563,950, Ex. 4a].

Appellant's president admitted [R. 172] and its counsel conceded, at the trial [R. 165], that appellant uses "National" in its name merely as a geographically descriptive adjective to denote the national scope of its operations.

The evidence shows the acts of the parties leading up to this litigation to be as follows:

On November 7, 1944, appellant and appellee entered into the contract in suit, Exhibit 5, pursuant to which appellee, in addition to carrying on his own independent transfer business under his own trade-name, undertook to book interstate shipments to be handled by appellant. When appellee entered into the contract, his trade-name was National Van & Storage Co., in which name he

signed the contract. In the contract, the only restriction as to the trade-name under which appellee would carry on his own business during and after the contract was that he would not use in it any of the following *combinations* of words: "National Van," "National Van Lines," or "National Van Lines, Inc." To conform to this provision of the contract, appellee, in good faith, immediately changed his trade-name from "National Van & Storage Co.," to "National Transfer & Storage Co." [R. 220], which he did with appellant's knowledge and consent [R. 181].

Appellee continued to use the latter name until he voluntarily changed it, in 1953, to "Dean Van Lines" [R. 220-221; Ex. KK].

In 1949, appellee designed and adopted a trade symbol in the form of a striped outline map of the United States [R. 220].

The contract, Exhibit 5, was terminated in February, 1950.

Not until November, 1951, did appellant in any way indicate to appellee that it objected to appellee's use of the trade-name "National Transfer & Storage Co." [R. 226], which name appellee had then been using continuously since November, 1944, *with appellant's full knowledge and acquiescence* [R. 181], during which time appellee built up his business from a 4-van business to an 83-van business [R. 223].

This action was not filed until a year later, in November, 1952.

The evidence shows that, since at least 14 years before appellant commenced business, it has been common prac-

tice for various transfer companies doing a national business to use the word "national" as a geographically descriptive prefix to their trade-names to so describe the scope of their operations [Exs. E-Q]. In fact, at least one of those transfer companies, operating its vans in interstate commerce out of Milwaukee, Wisconsin, has continuously used the precise name "National Van Lines" since a time at least four years before appellant adopted the name in 1934 [Exs. E, F, G; R. 443], thus showing that appellant was not the first to adopt and use the name "National Van Lines."

The evidence also shows that it has been common practice, since at least fifteen years before appellant entered the field, for transfer companies to display on their vans a simulation of the shield of the United States [Exs. R-HH].

Appellant's brief states that appellant did considerable advertising which was used by appellee during the contract. This is contrary to the evidence, which shows that appellant did not commence advertising until *after the contract was terminated and until after the complaint was filed* [R. 190-195]. The evidence also shows that the only so-called advertising matter supplied to appellee by appellant was a "sticker," to be posted in appellee's office, stating that appellee was authorized to book interstate shipments for appellant [R. 219].

The complaint contains no allegation of "secondary meaning" and the evidence does not establish any [Finding 15, R. 56].

From appellant's brief and "specification of errors," it appears that appellant relies upon its charges of infringement of registered alleged service marks and alleged contract violation.

IV.

SUMMARY OF ARGUMENT.

The names used by appellant and appellee are entirely different except that both use the prefix "National" as a geographically descriptive adjective to describe the scope of their operations.

Moreover, it has been common practice by various transfer companies since times long before either appellant or appellee entered the field, to use "national" in the same manner and for the same purpose, so that the public has come to recognize that it must carefully scrutinize the entire names of the users of said prefix if it cares with which user it wants to deal.

The same is true with respect to the use of insignia simulating the shield of the United States, which, under the law, cannot be monopolized by any one as part of a trademark.

The law is well settled that, in the absence of fraud, there is no trademark infringement or unfair competition where the only similarity between the composite names in issue is the descriptive use of a geographical adjective which any one may use with equal truth and right.

This case is clearly distinguished from those cases cited by appellant, in which the courts have sustained descriptive or geographical words as trademarks *where they are not used in a descriptive sense, or where they have acquired a secondary meaning.*

In an attempt to overcome the admitted and obvious fact that appellant uses "National" only in the sense of a geographical adjective, and in an attempt to overcome

the statutory provision that a simulation of the flag, coat of arms or other insignia of the United States may not validly constitute a part of a trademark, appellant's argument proceeds upon the erroneous hypothesis that its alleged service mark consists merely of "National with stripes." Such a hypothesis is directly contrary to the evidence.

The striped map symbol used by appellee is clearly distinguishable from the shield used by appellant.

While, in the absence of infringement, it was unnecessary for the trial court specifically to include in its judgment a ruling upon the validity or invalidity of appellant's alleged service marks, the evidence and findings show them to be invalid, not only because of their descriptiveness, but also because appellant has never been the owner of the name "National Van Lines."

Since appellee has never used either of the word *combinations* "National Van," "National Van Lines," or "National Van Lines, Inc." in its trade-name, and has not used any symbol resembling the shield of the United States, appellee has not violated any provision of the contract in suit.

In any event, appellant is estopped to assert this action by virtue of its laches in failing to complain about the name which appellee was using for a period of over seven years, during all of which time appellant was fully aware that appellee was using the name "National Transfer & Storage Company" and was continuously building up his business under that name. Appellant's brief and "specification of errors" are silent upon this defense and the findings of fact which support it.

V.

ARGUMENT.

A. Unless “Clearly Erroneous,” the Trial Court’s Findings of Fact Will Not Be Disturbed on Appeal.

Findings upon issues of alleged trademark, infringement, unfair competition, contract violation and laches are determinations of fact which should not be upset on appeal unless they are “clearly erroneous.”

Federal Rules of Civil Procedure, Rule 52(a):

Graver Tank and Mfg. Co. v. Linde Air Products,
339 U. S. 605, 609-611, 70 S. Ct. 854, 94 L. Ed.
1097;

Jacuzzi v. Berkeley Pump Co., 191 F. 2d 632, 634
(C. A. 9, 1951);

Patterson-Ballagh Corp. v. Moss, 201 F. 2d 403
(C. A. 9, 1953);

Leishman v. General Motors, 191 F. 2d 522 (C. A.
9, 1951), cert. den. 342 U. S. 943.

B. Appellant and Appellee Use the Word “National” in Their Otherwise Different Descriptive Names Merely in the Sense of a Geographical Adjective to Describe the Scope of Their Operations. [Findings 7, 11, 13, 15, 17, 19, 20, 21 and 23.]

The facts of this case clearly distinguish it from those involved in *National Lead Co. v. Wolfe*, 223 F. 2d 195, and other cases cited by appellant, in which latter cases the descriptive word involved was not being used in a descriptive sense, and are also distinguished from those involved in *North American Air Coach v. North American Aviation*, 107 U. S. P. Q. 68, and other “secondary meaning” cases cited by appellant, in which the geograph-

ical name involved had acquired a “secondary meaning.” Neither of those conditions is here involved.

Finding 7 [R. 54], reads as follows:

“7. Plaintiff adopted and has used the prefix ‘national’ in its name in the sense of a geographical adjective to denote that its van line is operated upon a national scale, and plaintiff’s composite name ‘National Van Lines, Inc.’ is merely descriptive, denoting that plaintiff is a corporation operating a nationwide van line service.”

In addition to the obviously descriptive nature of the phrase “National Van Lines, Inc.”, this finding is based upon the admission of appellant’s president as follows [R. 172]:

“Q. Do you think the word has some connotation that you are able to go everywhere and deliver goods on a national scale? A. Yes; this gives it a far more descriptive name than ‘Allied.’ That just means a grouping of van lines, but National Van Lines means national in scope.”

In fact, appellant’s counsel made the following concession during the trial [R. 165]:

“The Court: You feel that ‘National’ is not descriptive?”

Mr. Groen: For this specific business it is descriptive, in a sense, of national work, but we are talking about a specific service of household moving and storage.”

Appellant’s counsel attempt to minimize the importance of his admission by claiming that the mark was not descriptive of “a specific service of household moving and storage” must fail, however, because it is just as descrip-

tive of the moving of household goods on a national scale as it is of moving any other goods on such a scale, and an examination of appellant's trademark registrations, Exhibits 3a and 4a, shows that both specifically describe the services for which the marks were registered as being "*transportation of goods by van,*" not just household goods.

C. The Law Is Well Settled That All Traders Have an Equal Right to Use Geographical Terms as Descriptive Adjectives in Their Business Names to Describe the Geographical Scope of Their Activities.

The courts have consistently held that geographical adjectives and other descriptive words, when used as such, cannot be monopolized as parts of trademarks. This fundamental principle of the law of trademarks and unfair competition has been repeatedly upheld by the United States Supreme Court in:

Canal Co. v. Clark, 80 U. S. 311, 324, 20 L. Ed 581;

Columbia Mill Co. v. Alcorn, 150 U. S. 460, 37 L. Ed. 1144;

Elgin National Watch Co. v. Illinois Watch Co., 179 U. S. 665, 45 L. Ed. 365;

American Steel Foundries v. Robertson, 269 U. S. 372, 70 L. Ed. 317, 322,

and by our other courts in cases of which the following are typical:

"We think that the word 'Continental,' a geographical adjective, meaning pertaining to or relating to a continent, is a word in common use, more or less descriptive of extent, region, and character,

and, like the words 'Columbian,' 'International,' 'East Indian,' and some other geographical adjectives, it cannot be exclusively appropriated as a trademark or trade-name. See *Mill Co. v. Alcorn*, 150 U. S. 460, 466, 14 Sup. Ct. 151, 37 L. Ed. 1144."

Continental Insurance Co. v. Continental Fire Association, 101 Fed. 255, 257 (5th Cir.).

"Geographical terms and words descriptive of the character, quality, or place of manufacture of an article are not capable of monopolization as a trademark. To entitle a person to the protection in the use of a name as a trademark his right to use it must be exclusive, and not a name which others may employ with as much truth as he who uses it."

American Wine Co. v. Kohlman, 158 Fed. 830.

See also:

Columbia Mill Co. v. Alcorn, 150 U. S. 460, 463;
Standard Paint Co. v. Trinidad Asphalt Co., 220 U. S. 446;

Pulitzer Pub. Co. v. Houston Printing Co., 11 F. 2d 834 (5th Cir.).

Appellant, in its brief, cites *S. C. Johnson & Son, Inc. v. Johnson*, 28 Fed. Supp. 744, as an instance in which the courts restrained a defendant from using his surname "Johnson." Appellant's citation, however, fails to mention that on appeal, 116 F. 2d 427, the decision was modified to allow the defendant to use his surname "Johnson," provided he distinguished it in some way by using it in conjunction with the word "cleaner."

D. Where Business Names Employ Descriptive Prefixes in Their Descriptive Sense, the Composite Names Are Sufficiently Distinguished if They Differ in Other Respects.

A review of the cases shows that where litigating parties are using geographical adjectives or other descriptive words as prefixes to their business names, there will be no restraint if the composite names, in respects other than the common use of the descriptive adjective, differ from each other.

For instance, in *Standard Accident Insurance Co. v. Standard Surety & Casualty Co.*, 53 F. 2d 119, the court held those two names to be sufficiently distinguished, considering the descriptive nature of the prefix "Standard."

In *Dunston v. Los Angeles Van & Storage Co.*, 165 Cal. 89, the court sustained defendant's right to use the generic name "Los Angeles Van & Storage Company" when plaintiff's name was "Los Angeles Truck & Storage Company."

Thus, in using the name "National Transfer & Storage Company," appellee has adequately distinguished over appellant's composite name "National Van Lines, Inc.," when it is considered that the only common word in the names is the geographical adjective "National."

E. A Descriptive Word May Not Constitute the Dominant Part of a Trademark.

Appellant's assertion that "National" is the dominant part of its alleged service mark, is without merit because a descriptive word cannot constitute the dominant part of a trademark.

Nestle's Milk Products v. Baker Importing Co.,
182 F. 2d 193, 196.

F. "National" Has Been So Commonly Used by Various Transfer Companies in Their Business Names to Denote the Geographical Scope of Their Activities, That the Public Has Come to Know That It Must Scrutinize Their Names in Their Entireties to Distinguish Them. [Findings 6 and 13.]

Appellant's trademark registration 548,018, Exhibit 3a, recites that the name "National Van Lines, Inc." was first used by appellant on July 21, 1934* and appellant's registration 536,950, Exhibit 4a, recites that the name "National Van Lines, Inc." was first used by appellant on June 21, 1934.

The evidence shows that among the various other transfer companies using "National" as a geographical prefix in their business names are:

National Van Lines (of Milwaukee, Wisc.) [Exs. D-F; R. 399, 443].

National Moving and Warehouse Corporation [Ex. J].

National Movers, Inc. [Ex. M].

National Transfer & Storage Co. (of Sacramento, Calif.) [R. 187].

National Transfer, Inc. [Ex. H].

National Trucking Company [Ex. P].

National Transportation Company [Ex. I].

*Although this registration recites that the name "National Van Lines, Inc." was first used in October 1928 by a "predecessor in title", this is contrary to the evidence. What this refers to is an earlier company by the name "National Shippers and Movers" which never used the name "National Van Lines" [R. 163] and from which appellant bought one or two trucks. However, appellant was unable to produce any evidence of any transfer of business and good will of said "National Shippers and Movers" to appellant [R. 152-160].

National Freight Lines [Ex. Q].
National Freight, Inc. [Ex. O].
National Cartage Co. [Ex. N].
National Carloading Corporation [Ex. K].
National Trailer Convoy [Ex. L].
National Delivery Company [R. 396].
National Movers of Boston [R. 377].
National Movers of New York [R. 377].

Many of those transfer companies were operating under their said names long before appellant's entry into the field.

G. The Trial Court Properly Received Evidence of the Common Use of the Word "National" and of Simulations of the Shield of the United States.

Appellant argues that the trial court erred in admitting evidence of the common use of "National" as a geographical prefix as well as the common use of the shield of the United States. However, the courts have generally held it to be proper in a trademark case to admit evidence showing the weak, or descriptive strong nature of the mark in issue because the likelihood or unlikelihood of confusion depends upon the character of the mark.

PH. Schneider Brewing Co. v. Century Distilling Co., 107 F. 2d 699 (10th Cir.);

Sunbeam Lighting Company v. Sunbeam Corporation, 183 F. 2d 969 (9th Cir.);

Treager v. Gordon-Allen Ltd., 71 F. 2d 766 (9th Cir.);

American Steel Foundries v. Robertson, 70 L. Ed 317, 322;

Philco Corporation v. F & B Mfg. Co., 170 F. 2d 958 (7th Cir.);

Majestic Mfg. Co. v. Majestic Electric Appliance Co., 172 F. 2d 862 (6th Cir.);

Arrow Distilleries, Inc. v. Globe Brewing Co., 117 F. 2d 347 (4th Cir.);

France Milling Co. v. Washburn-Crosby Co., 7 F. 2d 304 (2nd Cir.);

Dwinell-Wright Co. v. National Fruit Product Co., 140 F. 2d 618 (1st Cir.).

It is also common for transfer companies to display upon their vans simulations of the shield of the United States [Finding 14]. Appellant was not the first to use a simulation of the shield of the United States nor is it by any means the only one using such a shield. The evidence shows that, since 1919, such a shield has been used by a transfer company operating in interstate commerce on the West Coast [Ex. P] and the same shield for many years has been used by All American Van & Storage Company [Ex. W]; All American Storage Company [Exs. X and Y]; Brugger Transfer & Storage Company [Ex. C], all on the West Coast.

H. Appellant May Not Monopolize a Simulation of Insignia of the United States as Part of Its Alleged Service Mark.

Such an insignia does not denote origin, but is merely tantamount to a statement that the user is a United States concern, and all United States concerns have an equal right to use such insignia.

The trademark act (15 U. S. C. 1052) expressly provides that a trademark may *not*,

“consist of or comprise the flag or coat of arms or other insignia of the United States or of any state

or municipality, or of any foreign nation, or any simulation thereof.”

The facts of this case clearly distinguish it over those involved in *Barbasol Co. v. Jacobs*, 160 F. 2d 336, cited by appellant. In the latter case the court sustained a trademark consisting of lines or stripes arranged in a *unique and distinctive pattern*, not merely in simulation of the well known shield of the United States.

I. Appellant's Alleged Service Marks Are Invalid. [Findings 6-15.]

Since there is no infringement, it was unnecessary for the trial court, in its judgment, specifically to rule upon the validity or invalidity of appellant's alleged service marks. However, it is submitted that the facts which the court found to exist clearly show the alleged marks to be invalid, not only because they are purely descriptive, but also because appellant is not and never has been the owner of the name “National Van Lines” and has no right to monopolize the shield of the United States.

As pointed out hereinbefore, if the name “National Van Lines” is owned by anybody, it is owned by said National Van Lines of Milwaukee, Wisconsin, which was the first to adopt and use it in the transfer business.

Federal registration does not create a trademark—the right comes from priority of use, not registration.

“Federal registration does not create a trademark. The trademark comes from use, not registration, and the right to it is in the nature of a property right based on common law.”

Campbell Soup Company v. Armour & Company,
175 F. 2d 795 (3rd Cir.).

Only the owner of a trademark may validly register it and, to be the owner, one must be the first to adopt and use it.

“The exclusive right to the use of the mark or device claimed as a trademark is founded upon priority of appropriation; that is to say, the claimant of the trademark must be the first to use or employ the same on like articles of production.”

Columbia Mill Co. v. Alcorn, 150 U. S. 460, 463.

As pointed out hereinbefore, geographical adjectives and other descriptive words, when used as such, may not be monopolized as trademarks, and simulations of the flag, coat of arms, or other insignia of the United States may not constitute part of a trademark.

J. Appellant's Alleged Service Mark Does Not Consist Merely of "National With Stripes." [Findings 7-11.]

In an attempt to escape the obvious and admitted fact that appellant uses "National" in an entirely descriptive sense, and that its alleged insignia is merely a close simulation of the shield of the United States, appellant, in its brief, repeatedly incorrectly characterizes its alleged mark as consisting merely of "National with stripes."

In this connection, it is interesting to examine the file wrappers [Exs. II and JJ], of the registrations of the alleged service marks in suit.

Exhibit JJ, the file wrapper of registration 563,950, shows that, when the application for registration was originally filed, appellant attempted to register merely the word "National," and the original drawing of the trademark submitted with the application showed only the word

“National.” However, in its first action dated February 15, 1952, the Patent Office rejected the mark as submitted, saying:

“The mark presented constitutes a *mutilation* of the mark used. The word ‘National’ forms *part* of applicant’s trade name which is a *unitary term* and the specimens show the word ‘National’ only as a part of such term. As presented registration is refused.”

Appellant responded to that rejection by submitting a new drawing showing the mark as “National Van Lines, Inc.” and directed that it be substituted for the original drawing. With that drawing appellant stated:

“The new drawing showing the service mark without mutilation is enclosed.”

Therefore, appellant is now estopped to be heard to assert that the words “Van Lines, Inc.” do not constitute an essential part of its composite mark.

Appellant has attempted to avoid this concession that its mark consists of the specific composite term “National Van Lines, Inc.” and not merely “National,” by claiming that appellant “disclaimed” the words “Van Lines, Inc.”

What appellant fails to point out, however, is that it only disclaimed those words “*apart from the mark as shown,*” which means simply that, in order to register the composite mark, appellant had to disclaim any intention of monopolizing those words *except as a part* of its composite mark.

As shown by Exhibit JJ, in its first action on the application for registration, No. 563,950, the Patent Office required that appellant disclaim any intent to monopolize those purely descriptive words “Van Lines, Inc.” except as an integral part of the composite term “National Van

Lines, Inc.” In the first responsive amendment to that Patent Office action, appellant amended the application by adding the following thereto:

“Applicant disclaims exclusive use of the words ‘Van Lines, Inc.’ *apart from the mark as shown.*”

An examination of Exhibit II, the file wrapper of registration 548,018, shows the same proceedings in the Patent Office. This is the registration which comprises the words “National Van Lines, Inc.” with the shield upon which appear the words “nation wide.”

In its first action on the application, the Patent Office required that the applicant disclaim any intention to monopolize the words “nation wide” and the words “Van Lines, Inc.” *except as a part of the mark.* In its responsive amendment, appellant directed that the application be amended by adding the following:

“No claim is made to the words ‘nation wide Van Lines, Inc.’ *apart from the mark as shown.*”

Those proceedings conclusively show, therefore, that in registration 563,950 the words “Van Lines, Inc.” remain a necessary integral part of the composite mark, and that in registration 548,018, the words “nation wide” and “Van Lines, Inc.” remain a necessary integral part of the composite mark. *Those words were not disclaimed as parts of the marks.*

K. The Evidence Does Not Establish Any Confusion.

To prove confusion one must produce witnesses who are accustomed to purchasing the goods or services upon which the trademark in issue is used.

Dwinell-Wright Co. v. National Fruit Product Co.,
140 F. 2d 618 (1st Cir.).

In an attempt to prove some actual confusion, appellant produced several witnesses, only one of whom could be said to be disinterested, or a person who would be likely to seek the services of appellant or appellee. That witness was Mary Martin of San Francisco, California [R. 268], who was one of appellee's customers. She testified that one day when she was in a hurry she called appellant's office instead of appellee's office. However, she gratuitously admitted that if she had taken the time to look at her shipping papers bearing appellee's name, she would have distinguished between appellant and appellee [R. 268].

The remaining witnesses were either employees of appellant or good friends of appellant's president, who were engaged in the transfer business themselves. The gist of their testimony, given in answer to grossly leading questions, was that they recognized the shield used by appellant and might confuse it with the map symbol used by appellee. One of those witnesses, a Mr. Adams [R. 274], an employee of appellant, gave purely hearsay testimony about some alleged misdirected telephone calls. However, not one of the persons allegedly making any of the calls was produced, so that it was impossible to determine whether they were just careless or whether they had been confused as between appellant and appellee or as between appellant and one or more of the numerous other transfer companies using "National" as a trade-name prefix.

While it is true that actual confusion need not be proved where distinctive trademarks are concerned and where it is clearly apparent that confusion would result, such as where identical distinctive marks are used in their entirety; this rule does not apply in cases where the names

in issue are not distinctive but include generic words which everyone is free to use and which many do use. In those cases some isolated cases of confusion among careless purchasers might reasonably be expected, but such confusion is not actionable.

In *Steen-Electric Corp. v. Herzfeld-Phillipson Co.*, 118 F. 2d 122, 127 (7th Cir.), the court said:

“Plaintiff points to the confusion occasioned by the alleged similarity of defendant’s trade-name. There is some proof in this respect, but it does not follow that it was the result of the name employed by the defendant. In fact, we are of the opinion that such confusion as was shown was the result of the adoption by the plaintiff of a term, not only descriptive of its product, but one long employed by the public in describing the same product manufactured and sold by others.”

In *American Automobile Association v. American Automobile Owners Association*, 216 Cal. 125, the court said:

“The confusion that existed was due to the fact that plaintiff selected descriptive words for its name.”

See also:

Trinidad Asphalt Mfg. Co. v. Standard Paint Co.,
supra.

L. There Is No Unfair Competition. [Findings 7, 11-21, 24.]

While appellant’s brief and “specification of errors” do not appear to challenge the trial court’s judgment in so far as alleged unfair competition is concerned, appellee respectfully submits that there is no unfair competition for the same reasons that there is no trademark infringe-

ment. There is no showing that appellee has acted with any fraudulent intent or bad faith and the trial court has found that he has not [Finding 20, R. 59].

The law of California is well settled that it is not unfair competition for anyone to use generic or commonly used trade-names and symbols.

In *American Automobile Association v. American Automobile Owners Association*, 216 Cal. 125, plaintiff, whose name was "American Automobile Association" and whose symbol was "AAA" within a diamond-shaped frame, sought to restrain the defendant, whose name was "American Automobile Owners Association" and whose symbol was "AAOA" within a diamond-shaped frame, from using said name and said symbol. In holding for the defendant the court said:

"No claim of exclusive appropriation of diamond-shaped labels can be sustained, because diamond-shaped designs have been in use for many years and are commonly used in magazine, periodical, label and sticker forms of advertising.

* * * * *

"The question here presented is by no means a novel one in the judicature of our federal courts, or of the courts of this state and sister states. The law has many times been considered in its application to wide and diversified subjects of mental and manual production, manufacture, industry, business and trade. The rule has been most frequently applied in controversies arising between publishers of magazines and periodicals, compounders of patent medicines and chewing gums, and candy manufacturers, where the claim of unfair competition has been made the issue. In *Collegiate World Pub. Co. v. Dupont*, 14 Fed. (2d) 158, plaintiff was the publisher of a publication

entitled 'College Humor,' and defendant subsequently began the publication of a magazine entitled 'College Comics.' Both publications occupied the same field. The general dress and size of the two publications were strikingly similar.

* * * * *

"The court in the case of *Collegiate World Pub. Co. v. Dupont, supra*, in considering the question as to the likelihood of the name of one magazine being mistaken for the other, said:

"There was some confusion, but it was due to the carelessness or inattention of dealers and purchasers who did not know a new magazine had come out. Such confusion is to be expected at first, where a new magazine enters the field dealing with the same general subject-matter as a magazine already on the market. This confusion was negligible, and would soon disappear as the reading public came to know there were two magazines dealing with the humorous side of college life. The confusion that existed was due to the fact that plaintiff selected descriptive words for its name.

"Similarity in names of magazines dealing with the same subject is not unusual, but, on the contrary, is quite common, such as *Popular Science, Popular Mechanics; Outdoor Life, Outdoor Recreation; Field and Stream, Forest and Stream; Boy's Life, Boy's Magazine; Ladies Home Journal, People's Home Journal; Radio Doings, Radio Digest, Radio World, Radio Age, Radio Progress, Radio News, Radio Broadcast; Motor, The Motor, Motor Transport, Motor Record, Motor World, Motor Age, Motor Life, etc.*'

* * * * *

"In this state the question of unfair competition received critical attention in *Dunston v. Los Angeles*

Van & Storage Co., 165 Cal. 89 (131 Pac. 115, 117), and Southern California Fish Co. v. White Star Canning Co., 45 Cal. App. 426 (187 Pac. 981). In the Los Angeles Van & Storage case, former Justice Henshaw gave consideration to the particular questions presented by the appeal in the instant case. Plaintiff Dunston established his business in 1896 and gave to it the name Los Angeles Van, Truck & Storage Co. In 1902 a certificate was issued to him by the Secretary of State granting him the sole and exclusive right to use said name. In 1910, defendants, so the complaint alleged, organized a corporation for the purpose of conducting a similar business to that of plaintiff in the City of Los Angeles, and fraudulently appropriated a similar name, to wit, Los Angeles Van & Storage Company. Plaintiff alleged that the name of the company last named was in imitation of his company's name, and was selected for the purpose of deceiving, and had deceived, his patrons and the general public. In disposing adversely of plaintiff's claim that the trade-name was susceptible of exclusive use, citing section 991 of the Civil Code, the court says: 'It is too apparent to need discussion that the name here employed by plaintiff has reference in its first words to the place of business; in the remaining words to a description of the business. Such names, titles or designations are not the subject of exclusive copyright or trade mark.' "

In *Antiquarian Book Store v. Antiquarian Book and Variety Store*, 39 Cal. 501, the court refused to restrain defendant from using said name, saying:

"Terms in common use to designate a trade or occupation cannot be exclusively appropriated by anyone."

M. Appellee Has Not Violated the Contract, Exhibit 5.

Appellant charges that appellee's use of the trade-name "National Transfer & Storage Co." violates the contract in suit [Ex. 5].

The intention of the parties must be ascertained from the contract alone.

Cal. Civ. Code, Sec. 1639;

Republic Pictures Corp. v. Rogers, 213 F. 2d 662 (9th Cir.).

The contract recognizes appellee's right to carry on his own business under his own trade-name, both during and after the contract, so long as he did not use in his name any of the following specific combination of words:

"National Van"

"National Van Lines"

"National Van Lines, Inc."

or the insignia used by appellant.

As shown by the evidence, appellant has not used any such combination of words in his trade-name and has not used the shield insignia used by appellant.

There is no contention that appellee has solicited any business in the name of "National Van Lines, Inc." since the contract was terminated, and the only business booked in that name during the contract was the interstate shipments solicited for appellant under the contract.

The cases cited at pages 40, 41 of appellant's brief are not in any way analogous to the facts here involved. Those cited cases involved situations in which defendants had been licensed to sell trade-marked products of plain-

tiffs and, after the contracts were terminated, commenced selling other products under precisely the same names. Here, appellee was never licensed by appellant to use the name "National Transfer & Storage Co." On the contrary, the contract merely recognized appellee's right to use that name for his own independent transfer business and merely authorized appellee to book interstate shipments under appellant's name "National Van Lines, Inc."

Appellee ceased booking or solicitation of any business under the name "National Van Lines, Inc." as soon as the contract was terminated. There is no charge that he did so solicit any business after the contract.

N. Appellant Is Estopped to Complain of Appellee's Use of the Name "National Transfer & Storage Company."

Appellee is no longer using the name "National Transfer & Storage Company," but even if he were and even if appellant ever had any just cause to complain about it, it is submitted that appellant is now estopped to do so.

As pointed out hereinbefore, appellant knew from the beginning, in 1944, that appellee was carrying on and building up his own independent transfer business under the name "National Transfer & Storage Company." See the following testimony of appellant's president [R. 181].

"Q. Now, you knew, did you not, that apart from the work which Mr. Dean was going to do for plaintiff, in the booking of interstate shipments, he was going to operate his own business, did you not? A. Yes, sir.

Q. And you knew that throughout the period of your contract? A. Yes, sir. I might suggest that Al Dean had a very small business at that time and

we, by consent, agreed that his use of the name was all right.

Q. You did not express any complaint to his use of the name, did you? A. Not at that time, no sir.

Q. And you knew he was increasing his business as the years went on, did you not? A. In later years we recognized that fact.”

Yet appellant made no complaint for a period of over seven years, while appellee expanded his business from a 4-van business to an 83-van business, which expansion obviously involved a substantial investment of money and change of position.

Thus, we have here all the elements of estoppel by laches. Appellee's operations were open and unconcealed and appellant had actual knowledge of them at all times. Appellant's failure to make any complaint for over seven years caused appellee to substantially change his position.

In *Procter & Gamble Co. v. J. L. Prescott Co.*, 102 F. 2d 773, 781 (3rd Cir.), the court aptly stated the rule as follows:

“But it cannot be equitable for a well-informed merchant with knowledge of a claimed invasion of right, to wait to see how successful his competitor will be and then destroy with the aid of a court decree much that the competitor has striven for and accomplished—especially in a case where the most that can be said is that the trademark infringement is a genuinely debatable question.”

See also:

Aunt Jemima Mills Co. v. Rigney & Co., 247 Fed. 407 (2nd Cir.);

Royal Silver Mfg. Co. v. National Silver Co., et al., 61 Fed. Supp. 232 (D. C., S. D., N. Y.).

VI.
CONCLUSION.

Appellee respectfully submits that the evidence fully supports the trial court's findings; that the findings fully support the judgment of dismissal upon each and all of the grounds of lack of service mark infringement, lack of unfair competition, invalidity of the alleged service marks in issue, lack of any violation of contract and upon the ground of estoppel by laches and acquiescence; that the findings are not "clearly erroneous" or erroneous in any respect; and that the judgment should be sustained.

Respectfully submitted,

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